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SUBJECT: MEDIA REACTION: CHINESE MILITARY, FINANCIAL CRISIS, U.S.
POLITICS

Editorial Quotes

11. CHINESE MILITARY

"China's naval strategy needs an adjustment"

The official Communist Party international news publication Global Times (Huanqiu Shibao)(03/24): "For the past month China's water territory has been frequently disturbed. The U.S. Navy's Impeccable invaded the South China Sea to conduct illegal activities. 2009 is the year that the world's water territory will be redefined. Many conflicts can be expected in this rearrangement. Therefore, all the countries around the world are searching for legal loop holes and space where they can reoccupy their own water territory. The neighboring countries of China intend to legitimize their occupation of China's water territory: both Japan and the Philippines intend to pull the U.S. over to interfere in the Diaoyu Island and Nansha Islands issue. China should be firm in that their sovereignty rights are the bottom line. China has a 3 million square km water territory. China should establish a specific 'China sea territory bureau' to prevent the area from being seriously invaded. Although the Mainland and Taiwan have disputes, the two should join together to defend China's water territory. China should also increase its efforts in resources exploration and development. Along with China's development, trade at sea and their marine channels are closely related with China's strategy."

12. FINANCIAL CRISIS

a. "The Rise of Wall Street has not changed"

21 Century Business Herald (21Shiji Jingji Baodao) under Guangdong 21 century publishing company Ltd. (03/24): "Injecting public funds into Wall Street hasn't brought any power over Wall Street to the U.S. public and government. The public and government should have the right to distribute Wall Street profits. This is a question of the balance between public investment and return. In the case of AIG bonuses, their power has not been realized. Either the U.S. government should allow Wall Street to go bankrupt, as a message sent from the House of Representatives, or the public, government and congress should come to terms with the fact that Wall Street isn't what it used to be. It will take great patience to see whether the money will rebound and the government will be paid back in five to ten years."

b. "Last resort increases economic jitters"

The official English-language newspaper China Daily (03/24): "A patient whose life hangs by a thread might be treated with heavy doses of medication. The U.S. Federal reserve has resorted to this treatment to address the country's recession. In a last resort the FED will print new money to the tune of U.S. \$ 1 trillion. There is a clear cost to massive quantitative easing. If another trillion dollars is pumped into the money supply, the value of the dollar

will fall. A lower U.S. dollar will make China's exports, which have already been shrinking, less competitive. China is the world's largest foreign holder of U.S. Treasuries. The U.S. dollar is strong and the U.S. economy - especially its manufacturing and advanced service sectors - are the largest and most sophisticated in the world. Thanks to a combination of a strong taxation system and the role of the FED as the U.S.' last resort dollar lender, the U.S. government will always honor its debt commitments."

13. U.S. POLITICS

"American's doubts about Obama increase"

The official Communist Party international news publication Global Times (Huanqiu Shibao)(03/24): "Currently, there are a lot of issues that are interconnected. This is challenging for the Obama administration. Obama was elected during the financial crisis. However, the complexity of the U.S. economic crisis and the politics that surround it has outpaced Obama's ambition. The high rate of support that Obama receives burdens him. Obama's leadership faces a challenge. During this financial crisis, tough determination is required. Obama should be united with his allies and reform in a way that will meet more of the people's interests."

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